

Sentinel Presentation Estate Planning 'Your most important plan'

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The statistics

- \$2000 billion plus will change hands in next 10 years
- 86% say have made a will
- 55% have an effective will at death
- Approximately one in two relationships breakdown
- 53% of divorces involve children
- 100% of people die



Estate planning - more than a will

It's about ensuring

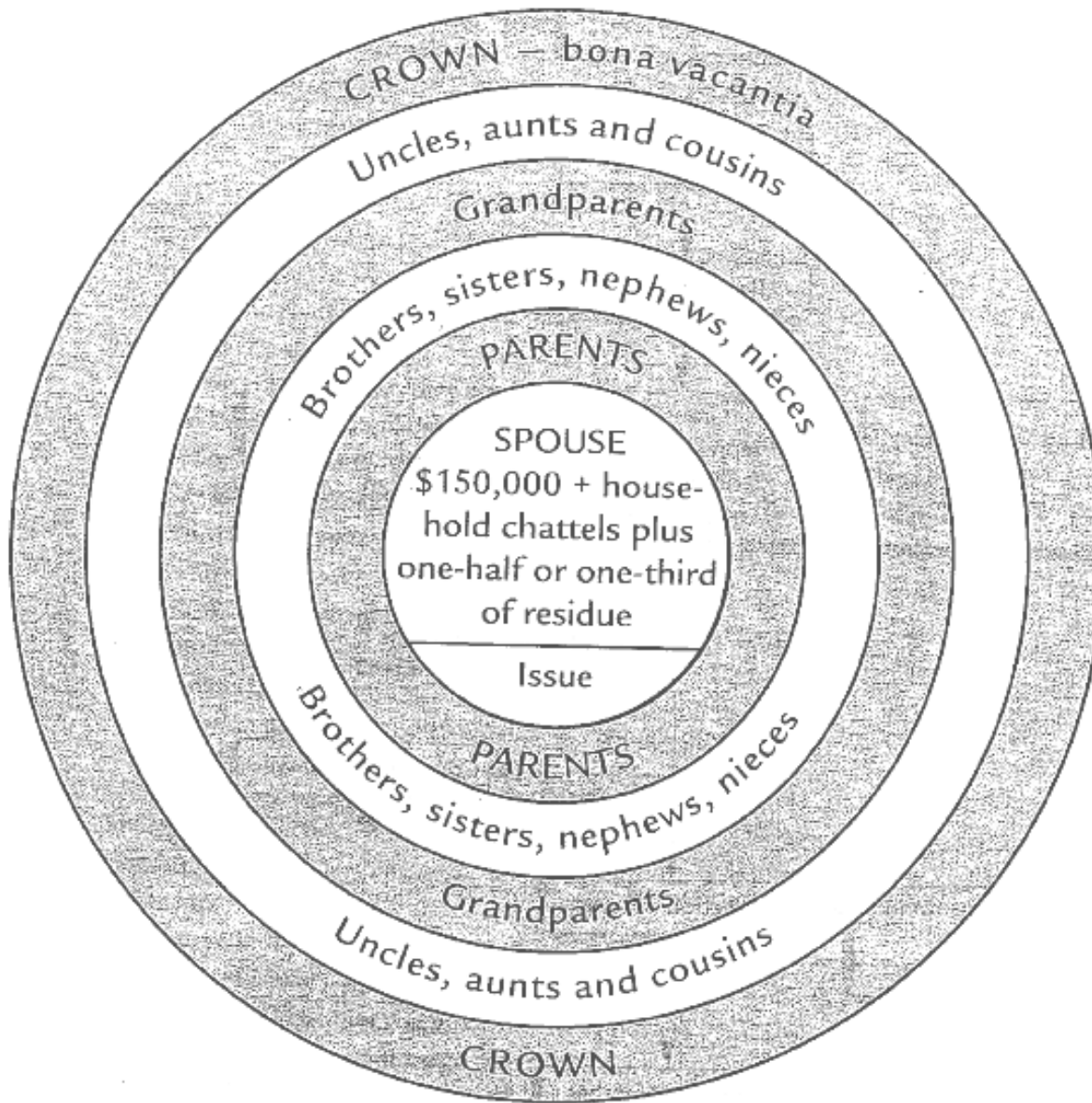
- Sufficient assets for your family's needs
- Assets pass to the appropriate people
- Correct timing to pass on assets

'Estate planning ensures the appropriate assets end up with the appropriate people at the appropriate time'

Why make a will?

- No valid will = die intestate
- Property distributed according to rules laid down by statute of the respective States

Intestacy chart for Queensland



Lee's Manual of
Queensland Succession
Law, by A A Preece

Your estate plan

- Step 1 – understand your
 - family’s relationships
 - assets and liabilities
 - legal structures
 - estate planning objectives
- Step 2 – determine your issues and priorities
- Step 3 – get help in building your family’s plan

Protecting against

- Bankruptcy
- Marriage breakdown
- Claims against the estate
- Loss of assets or inappropriate management
- Spendthrift beneficiaries

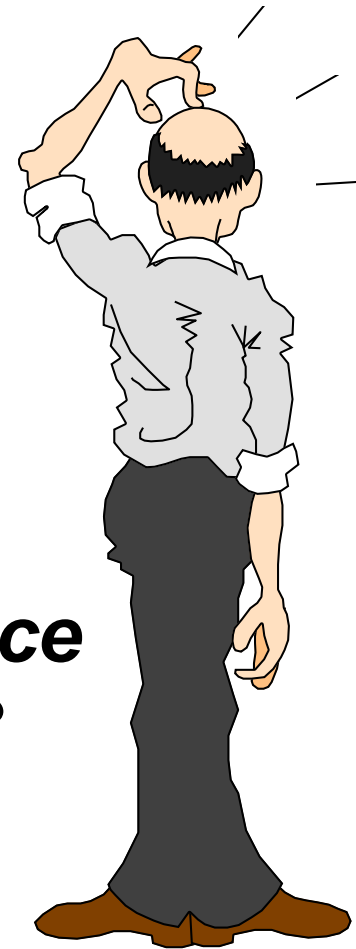
What are your priorities?

- Your priorities and values are what is most important to you
- Everyone's priorities will be different
- Determine your priorities then build your plan

Appropriate Assets

HOW MUCH IS ENOUGH?

***Will you need more insurance
to achieve your objectives?***



Estate assets include

- All assets owned personally
- Shares in a company
- Share of an asset owned as a tenant in common
- Superannuation and life insurance paid to the estate
- Interest in any partnership
- Right to recover debts

Estate assets do NOT include

- Assets owned as a joint tenant
- Assets held in a trust
- Assets owned by a company
- Superannuation and life insurance paid directly to beneficiaries

The appropriate people...

- Beneficiary's Creditors
- Tax Office
- Former Spouse
- Lawyers



- Spouse
- Children
- Grandchildren
- Trust



At the appropriate time...

- Immediate cash needs
- Beneficiary facing litigation
- Children's education
- Immature beneficiary (The Ferrari Factor)

Asset Protection & Superannuation

- Your Super is not an estate asset unless it is paid to your estate following your death
- Family Provision Applications
- Binding Death Benefit Nominations vs Trustee Discretion
- SMSFs vs Industry Funds
- Appropriate Trustees

'I hadn't even thought about ...'

- Loans from family members, companies or trusts
- Loans owing by family members, companies or trusts
- Personal guarantees
- I love you and you love me wills – not that there is anything wrong with that ...

Testamentary Trusts

- Discretionary trust established on death through your will
- Often limited to lineal descendants
- Protecting as best you can from predators, creditors and the 'Ferrari Factor'
- Deceased estate CGT and duty concessions apply

Testamentary trusts

- Asset protection and tax planning versus increased control and monitoring
- Who has ultimate control? Often the hard decision.
- Should you own the shares in the business with other estate assets?

Ongoing tax savings

- The TDT can be used to income split for up to 80 years from death – including minors
- CGT only payable on the disposal of the asset
- Stamp duty minimised
- Corporate beneficiaries

Other tax considerations

1. Tax on sale of assets and gifting of income to beneficiaries prior to death vs transfer of assets to beneficiaries before death
2. Tax on transfer of assets via will – to beneficiaries
3. Tax on transfer of assets via will – to TDT for beneficiaries (and benefits of this re distribution of income to a range of beneficiaries)
4. Assets held via SMSF and transfer on death to dependent (including via in specie transfer)

Enduring powers of attorney

- Appointment of an 'attorney' to make decisions regarding:
 - Financial; and
 - Personal/health matters
- Often described as living will
- Generally commences when person is incapacitated - ends on person's death

Enduring powers of attorney

- Allows the appointment of a person to manage personal affairs where donor is unable to do so themselves
- Avoiding conflict transactions *
- General powers of attorney for the business
 - who will open the doors each day

*'In this world
nothing is certain
but death and taxes'*

Benjamin Franklin 1789

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